

## CHAPTER 8

### RECEIVABLES

#### 1. INTRODUCTION.

- a. **Purpose.** This chapter supplements volume I of the Asset Management Manual, “Managing Federal Receivables,” which is published by the Department of the Treasury (Treasury), Financial Management Service (FMS). Copies of this manual are available from FMS or the Department of Energy’s Office of Financial Policy.
  - b. **Background.** The following constitute the framework for the Departmental policy and procedural requirements prescribed in this chapter: the Federal Claims Collection Act of 1966 (31 U.S.C. 3701-3719), as amended by the Debt Collection Act of 1982 (Public Law 97-365, 96 Stat. 1754); the Debt Collection Improvement Act of 1996 (Public Law 104-134, chapter 10, section 31001); the general regulations contained in the Federal Claims Collection Standards (4 CFR 101-105); DOE’s overall debt collection regulations (10 CFR 1015); as well as relevant provisions contained in titles 2 and 4 of the General Accounting Office (GAO) Manual for Guidance of Federal Agencies; the Federal Accounting Standards Advisory Board (FASAB) Statement of Federal Financial Accounting Standards Number 1, Accounting for Selected Assets and Liabilities; Office of Management and Budget (OMB) Circular A-129, Managing Federal Credit Programs; and the Treasury Financial Manual (I TFM 6-8000).
  - c. **Applicability.** This chapter applies to all Departmental elements, except Bonneville Power Administration, and contractors as provided by law and/or contract and as implemented by the appropriate contracting officer. Power marketing administrations’ sales activities are excluded from this chapter.
  - d. **Effective Management and Internal Control.** The following documentation is required for effective management and internal control:
    - (1) desk procedures incorporating appropriate internal controls and followup systems within the limits of practical operations;
    - (2) monthly aging of delinquent receivables by debtor, within balance sheet codes; and
    - (3) documentation of all administrative collection action and detailed documentation of the basis for compromise or for termination or suspension of collection action.
2. **CREDIT EXTENSION.** A limited credit analysis to determine the creditworthiness of the customer should be performed before providing goods or services on credit (for example, isotope sales). As a minimum, this would include obtaining a credit rating and the customer’s taxpayer identification number (TIN). For goods and services under \$1,000, the credit report is not required. The TIN and periodic credit evaluations should be required in the sales order or contract. Updated credit reports for current customers should be obtained as frequently as necessary to minimize the risk of loss from default while giving due consideration to the cost of such reports.

### 3. ACCOUNT SERVICING.

#### a. Billing the Debtor.

- (1) **Timeliness and Content.** Receivables should be billed and recorded within 5 working days of the event that entitles DOE to be due funds, unless the cost-effectiveness of a longer period has been demonstrated. The invoice is dated with the date on which it is mailed, hand-delivered, or otherwise transmitted to the debtor. The initial billing notice, demand letter, or invoice should include the following:
  - (a) the amount of the debt;
  - (b) the basis of the indebtedness;
  - (c) the right of the debtor to inspect and copy records related to the debt;
  - (d) the right of the debtor to request an administrative review of the debt;
  - (e) the right of the debtor to enter into a repayment agreement;
  - (f) the date on which payment is due;
  - (g) the steps the agency will take to enforce collection;
  - (h) the request that the debtor provide his or her TIN by completing Internal Revenue Service (IRS) Form W-9, "Request for Taxpayer Identification Number and Certification," as required by the Debt Collection Improvement Act of 1996 (if not already available to the finance office);
  - (i) the name, phone number, and address of an individual (or customer service area) to contact within the agency; and
  - (j) instructions for electronic payment methods.
- (2) **Partial Invoices.** When the actual value of goods or services cannot be specifically determined, an invoice equal to at least 75 percent of the estimated value shall be prepared. This invoice shall be clearly identified as partial and shall include a statement that a final invoice will be prepared.
- (3) **Foreign Receivables.** All receivable payment provisions within financial agreements with foreign entities should be based on U.S. dollars.
- (4) **Debts Originating Under Acquisition or Financial Assistance Instruments.**
  - (a) **Debt Determination.** The contracting officer shall determine the amount of debt to be recovered under an acquisition or financial assistance instrument. Such a debt determination may be in the form of a negotiated settlement or a unilateral debt determination. Negotiated debt determination settlement occurs where the two parties agree on the amount of debt due DOE; for example, as a result of a contract price adjustment, overpayments

due to disallowed costs, or some other overpayment condition. For such debt determination, the contracting officer shall concurrently issue a confirmation of the negotiated settlement to the debtor. When mutual agreement cannot be reached, the contracting officer shall issue a unilateral debt determination (final decision rendered pursuant to the award's disputes article). The contracting officer shall forward a copy of the confirmation of the negotiated settlement or unilateral debt determination to the servicing finance office, which records the debt as a receivable.

**(b) Demand for Payment.**

1. The confirmation of the negotiated settlement or unilateral debt determination shall include or be accompanied by a written demand for payment, which shall serve as the invoice or the initial demand for payment. The demand shall be mailed on the date it is signed and dated by the contracting officer. The contracting officer shall forward a copy of any accompanying demand for payment along with a copy of the related confirmation of the negotiated settlement or unilateral debt determination that is forwarded to the servicing finance office.
2. The demand for payment of a debt originating under an acquisition contract or financial assistance instrument must be prepared in accordance with applicable acquisition or financial assistance regulations and the terms and conditions of the DOE award(s) involved. The requirements of paragraph 3a(1) shall be incorporated unless prohibited or explicitly provided otherwise by statute, regulation, or the terms and conditions of the DOE award instrument(s).
3. In cases where the contract debt amount and associated interest are determined under other contractual terms and conditions (for example, cost accounting standards, defective pricing, or unallowable costs), the demand for payment should be modified accordingly.

**(c) Collection.**

1. Field Chief Financial Officers (Field CFOs) shall coordinate collection action on a particular claim with the cognizant contracting officer. Should the contractor or financial assistance recipient challenge the contracting officer's determination on a claim through a formal dispute process or court action, the Field CFO, in coordination with the contracting officer, shall determine whether to suspend collection action until the appeal or court action is resolved. However, interest on the outstanding amount of the debt shall continue to accrue during the formal appeal process or litigation, subject to final adjudication.
2. There are three methods to satisfy an awardee's indebtedness: direct payment, recoupment, and administrative offset. The selection of the appropriate method is dependent upon the nature of the debt, the necessity for making contractual price adjustments and funding changes, and the feasibility of recoupment or offset.

- a. Direct Payment.* A direct payment shall be required if the indebtedness involves a price adjustment and funding change or if recoupment cannot be effected within a reasonable period of time.
    - b. Recoupment.* Recoupment action should be initiated from amounts that are due or will become due within a reasonable period under the same award if the indebtedness does not involve a price adjustment and funding change. The contracting officer and the Field CFO shall coordinate on any recoupment action that requires that recoupment be made from amounts that will not become due to the awardee until more than 30 days after the date of the initial demand for payment. The contracting officer or Field CFO, as appropriate, shall provide the awardee with written advance notice of the recoupment action on the amount of the debt and interest. The notice may be included in the demand for payment and follow up demands, if any. Recoupment shall not be used as a means to delay or avoid pricing adjustments or funding actions.
    - c. Administrative Offset.* When payment has not been made by the payment due date, the Field CFO may undertake action to administratively offset the debt and any late payment charges from payments owed the awardee on other Federal awards, in accordance with the provisions of paragraph 4j.
  3. The Field CFO shall advise the contracting officer when a debt referred for collection is collected or compromised or when collection action is suspended or terminated.

**b. Accounting.**

- (1) Receivables.** The receivable should be recorded in the appropriation or fund that will be credited when collections are accomplished, unless otherwise provided by law or Departmental policy. Except where statutory authority exists to do otherwise, record late charges (late charge interest, administrative costs, and penalties) into the following miscellaneous receipt accounts:
        - (a) Interest.** Account 891435, General Fund Proprietary Interest, Not Otherwise Classified.
        - (b) Administrative Charges and Penalties.** Account 891099, Fines, Penalties, and Forfeitures Not Otherwise Classified.
      - (2) Fees.** Fees such as contingency fees charged by a collection contractor and administrative fees charged by the Department of Justice (DOJ) for collections from litigation cases shall be added to the amount of the outstanding delinquency and recorded in Account 891099, Fines, Penalties, and Forfeitures Not Otherwise Classified.
      - (3) Earned but Unbilled Receivables.** Earned but unbilled receivables shall be recorded at the end of each monthly accounting period.

- c. **Classifying Receivables.** A receivable should be classified as current if payment is due within 12 months and as long term (noncurrent) if payment is not due within 12 months.
- d. **Reporting Commercial Accounts to Credit Bureaus.** Commercial accounts will be reported to credit reporting agencies as directed by the Office of Financial Policy.
- e. **Allowance Accounts.** If an office determines that it is “more likely than not that a receivable will not be totally collected,” the appropriate Allowance for Loss account should be increased to reduce the gross amount of the receivable to its net realizable value.
- f. **Bankruptcy.** Immediately upon receiving notice that a debtor has filed for bankruptcy, action must be taken to protect the Government’s interest:
  - (1) Forward a copy of the bankruptcy notice to the Office of General Counsel at Headquarters, or the Office of Chief Counsel at the field location, for filing of a proof of claim. If the debt has been referred to DOJ, the Office of General Counsel at Headquarters or the Office of the Chief Counsel at the field location will coordinate the proof-of-claim filing with DOJ attorneys.
  - (2) The finance office will follow up with General Counsel to obtain a copy of the proof of claim for their records. No late charges will accrue from the date of the bankruptcy filing. The finance office will follow up with General Counsel (or the bankruptcy trustee if legal action is completed) at a minimum of every 6 months, or on a case-by-case basis, for a status report on the case. General Counsel will forward to the finance office copies of documents relevant to the amount and date of any distribution as they are received.
- g. **Administrative Review of the Debt.** DOE shall consider any available evidence in response to a debtor’s request for a review. Typically, the Chief Financial Officer (CFO) or designee reviews and decides the existence and amount of the debt for any Headquarters debt; for any field element debt, the Head of the Field Element or designee reviews and decides the existence and amount of the debt.
  - (1) The debtor’s written response to the demand must include a request for review of the claim within DOE. If the debtor disputes the claim, the debtor shall explain why the debt is incorrect. The explanation should be supported by affidavits, canceled checks, or other available evidence. The written response must reach DOE by the payment due date. The demand letter must inform the debtor that supporting evidence must be submitted to DOE by the payment due date if it is to be considered in the review. A written response received after the payment due date may be accepted if the debtor can show that the delay was due to circumstances beyond the debtor’s control or failure to receive notice of the time limit. The debtor’s written response shall state the basis for the dispute. If only part of the claim is disputed, the undisputed portion should be paid by the date stated in the initial demand.
  - (2) The debtor shall be notified, within 30 days of receipt of the debtor’s response whenever feasible, whether determination of the debt has been sustained, amended, or canceled. This notification shall be forwarded by registered or

certified mail, return receipt requested, with the receipt retained as proof of delivery.

- (3) The decision of the reviewing official becomes final unless, within 15 days of its receipt, the debtor requests reconsideration of the decision. Reconsideration will be granted only on the grounds of an asserted error of law or new evidence that could not have been discovered before the decision through the exercise of due diligence by the requesting party, or evidence that was not available before the decision through no fault of the requesting party.

#### 4. DEBT COLLECTION.

- a. **Managing Delinquencies.** Each Field CFO shall aggressively follow up on all delinquent receivables, whether they originated in that office or were referred to it for collection by another office or Federal agency. The Field CFO shall coordinate with the cognizant contracting officer on collection actions related to claims that originate under acquisition or financial assistance agreements. The policy and procedures for collecting claims due from current and former DOE employees, including provision of due-process rights prior to collecting an indebtedness owed to the United States through salary or other administrative offset, are contained in DOE 2200.2B, Collection from Current and Former Employees for Indebtedness to the United States.
- b. **Date of Delinquency.** The last day upon which the payment is to be received by DOE is the payment due date, after which the debt is considered delinquent.
- c. **Assessing Late Charges.** Unless there is evidence that the entire amount of a debt will be collected, accrued late charges should not be booked in the accounts for loans officially declared in default and for administrative debt more than 6 months delinquent. All correspondence to the debtor should continue to reflect late charges accrued through the current date until the account is closed out. Referrals for offset and to DOJ for litigation, should reflect late charges accrued through the date of the referral document regardless of whether they have been booked in the accounts. The Debt Collection Act of 1982, as amended, requires agencies to assess three separate and distinct types of late charges:
  - (1) **Interest** accrues from the date the invoice is mailed, hand delivered, or otherwise transmitted to the debtor. The interest rate will be set at the same rate as the Treasury's Current Value of Funds Rate for the period in which the debt became delinquent. The Current Value of Funds Rate can be obtained through Treasury's Fax-on-Call Service system at (202) 874-8616, image 56. The rate remains fixed for the duration of the delinquency. Interest may not be compounded or assessed on administrative costs and penalties.
  - (2) **Administrative costs** cover the cost associated with collecting a delinquent debt. Calculation of administrative costs should be based on actual costs incurred or on cost analyses establishing an average of actual additional costs incurred by the field element in processing and handling claims against other debtors in similar stages of delinquency. Administrative costs should include the staffing and resource costs incurred to recover delinquent debts and the costs associated with using various collection tools to enforce recovery, including, but not limited to, the costs of obtaining a credit report, enforcing collections through litigation, or using

private collection agencies, and administrative Federal salary offsets to the extent they are attributable to the delinquency.

- (3) **Penalty** is set, by statute, at 6% per year. The penalty charge accrues from the date of delinquency, and is assessed on *any portion* of a debt that is outstanding for more than 90 days, including any interest and administrative costs.
- d. **Collection Strategy.** Collection actions with regard to all claims arising out of the activities of, or referred to, the Department shall be made in an aggressive and timely manner in accordance with the provisions of this chapter. Each responsible organization shall implement a collection strategy designed to provide a systematic, uniform method for collecting accounts. Consideration should be given to collecting advance payments, when appropriate, to avoid having to initiate collection action. Furthermore, DOE has the right of offset against Federal employees without obtaining a judgement. DOE funds should not be advanced to a contractor employee without a signed offset agreement from the employee. Attachment 8-1 is a sample contractor employee offset agreement for travel advances. In lieu of obtaining offset authorizations for each advance, it may be more appropriate to have the employee sign a blanket offset agreement for all amounts owed the employer. A number of contractors have made the right of offset a condition of employment.
- e. **Department of Treasury Administrative Offset and Cross-Servicing Programs.** Pursuant to the Debt Collection Improvement Act of 1996 (Public Law 104-134), debts delinquent over 180 days must be transferred to Treasury for cross-servicing (collection of debts on behalf of DOE) or for administrative offset. Consult the Cross-Servicing Implementation Guide and the Standards for Bringing Delinquent Federal Debts into the Treasury Offset Program issued by FMS for specific guidance on implementing these provisions. The Department has executed an agreement with Treasury formalizing its participation in the cross-servicing program, which contains all Treasury and Departmental responsibilities. As part of the cross-servicing program, Treasury will submit debts for administrative offset. While the Act requires the transfer of debts over 180 days delinquent, Treasury will accept, and offices are encouraged to transfer, debts greater than 90 days delinquent. The 90 day period will generally allow sufficient time for each office to complete applicable due process requirements. Upon transfer of debts for cross-servicing, all Departmental collection efforts shall be discontinued.
- f. **Use and Disclosure of Mailing Addresses.** If the field office has been unable to locate the debtor after using skiptrace services (as provided on the General Services Administration (GSA) Federal Supply Schedule for Factual Credit Reports) or after checking the sources of information listed in chapter 5 of volume 1 of the Asset Management Manual, "Managing Federal Receivables," a written request should be sent to the Secretary of the Treasury (or designee) to obtain a debtor's mailing address from the records of the IRS. Mailing addresses obtained from the IRS to enforce collection of a delinquent debt may be disclosed to other agencies and to collection agencies for collection purposes (26 U.S.C. 6103m).
- g. **Installment Payments.** Whenever possible, an overdue debt should be collected in a single lump sum. If the debtor claims financial inability to repay the debt in a single lump sum, a financial statement or credit report should be obtained to verify the debtor's claim prior to entering into an installment agreement. Installment agreements should be

executed in accordance with the standards prescribed in chapter 4 of volume 1 of the Asset Management Manual, "Managing Federal Receivables."

- (1) Upon agreeing to installment payments, the debtor and DOE must execute a legally enforceable written agreement, signed by the CFO or a designee for Headquarters debts, or by the head of the contracting activity or a designee for field element debts, that specifies all terms of the arrangement and that contains a provision accelerating the debt in the event the debtor defaults.
  - (2) When holding an unsecured claim for administrative collection, the Field CFO should attempt to obtain an executed confess-judgment note from a debtor when the total amount of the deferred installments will exceed \$1,500. A confess-judgment note also may be sought when an unsecured obligation of \$1,500 or less is involved. (Attachment 8-2 contains a sample confess-judgment note.) The Field CFO, however, should obtain appropriate legal counsel approval of the actual confess-judgment note that will be used prior to the execution of any such note.
  - (3) When DOE attempts to obtain a confess-judgment note, the debtor shall be provided with a written explanation of the consequences of signing the note, and the finance office should maintain documentation sufficient to demonstrate that the debtor signed the note knowingly and voluntarily.
  - (4) Security for deferred payments other than a confess-judgment note may be accepted in appropriate cases.
  - (5) At the option of the Field CFO, installment payments may be accepted notwithstanding the refusal of a debtor to execute a confess-judgment note or to give other security.
  - (6) Installment agreements should require debtors to use preauthorized debit to make the required installment payments. The debtor should complete the authorization (Attachment 8-3) at the time the agreement is executed.
- h. **Compromise.** The CFO (for Headquarters claims) and Heads of Field Elements (for field element claims) or their designees may compromise claims arising out of Departmental activities where the claims, exclusive of interest, penalties, and administrative costs, do not exceed \$100,000 or such higher amount as the Attorney General may prescribe (31 U.S.C. 3711). Any further delegation of this authority must be in writing. Only the Comptroller General or a designee may compromise a claim that arises out of an exception made by the General Accounting Office (GAO) in the account of a certifying officer, including a claim against the payee, before its referral for litigation.
- (1) **Criteria for Compromise.** A compromise may be considered when one or more of the following criteria apply:
    - (a) The debtor is unable to pay within a reasonable time period.
    - (b) The agency is unable to enforce collection within a reasonable time period.



- (c) The cost of collection does not justify enforced collection of the full amount.
  - (d) There is a real doubt concerning the Government's ability to prove its case in court.
- (2) **Joint and Several Liability.** When two or more debtors are jointly and severally liable, collection action shall not be withheld against one such debtor until the other or others pay their proportionate share. No attempt should be made to allocate the burden of paying such claims among the debtors; rather, DOE should proceed to liquidate the indebtedness as quickly as possible. Care should be taken that a compromise agreement with one such debtor does not release DOE's claim against remaining debtors. The amount of a compromise with one such debtor shall not be considered a precedent or as morally binding in determining the amount that will be required from other debtors jointly and severally liable on the claim.
- (3) **Restrictions.** Neither a percentage of a debtor's profits nor stock in a debtor corporation will be accepted in compromise of a claim. In negotiating a compromise with a business concern, consideration should be given to requiring a waiver of the tax loss-carryforward and tax loss-carryback rights of the debtor.
- i. **Reporting Delinquent Consumer Accounts to Credit Bureaus.** Delinquent consumer debts shall be reported to credit reporting agencies as directed by the Office of Financial Policy. Additional guidance is provided in Treasury's Guide to Credit Bureau Reporting.
  - j. **Administrative Offset.**
    - (1) **Definition.** Administrative offset occurs when the Government withholds or intercepts moneys due to, or held by the Government for, a person to offset amounts owed to the Government. Collection by administrative offset will be determined and pursued on a case-by-case basis within the overall guidance in chapter 4 of volume 1 of the Asset Management Manual, "Managing Federal Receivables." Fair and prudent decisions shall be made that protect DOE's financial interests, give appropriate consideration to the debtor, give full consideration to all Government interests, and ensure that the proper process is followed. Federal employee salary offset and tax refund offset are types of administrative offset, although each program is subject to its own distinct regulatory requirements.
    - (2) **Feasibility.** In the exercise of sound discretion, the Field CFO shall determine whether collection by administrative offset is feasible on a case-by-case basis, with appropriate coordination with any involved contracting officer or program official. In reaching this determination, consideration should be given not only to whether administrative offset can be accomplished both practically and legally but also to whether offset is best suited to further and protect all the Government's interests. Although appropriate coordination is required, the final decision on whether to enforce an offset remains the prerogative of the Field CFO. Offset will be sought first within the DOE office involved and, if feasible, within DOE overall prior to referral to Treasury for further collection action.

- (3) **Federal Employee Salary Offset.** Federal Employee Salary Offset is addressed in DOE 2200.2B, Collections from Current and Former Employees for Indebtedness to the United States. Additional information is available in FMS's Guide to Conducting Federal Employee Salary Offset.
- (4) **Federal Income Tax Refund Offset.** Federal Income Tax Refund Offset is performed by Treasury, rather than by the individual agency to which the debt is owed, as part of the collection process in the cross-servicing program.
- (5) **DOE Vendors.** The Office of Procurement and Assistance Management (Procurement) maintains information on procurement and financial assistance awards that should be reviewed for internal vendor offset opportunities prior to employing more costly debt collection tools. This information may be obtained either through Procurement's web page or by contacting your local procurement office. If potential matches are found, query the Procurement and Assistance Data System for the organization's name, address and taxpayer identification number; the name of the responsible DOE office; and the DOE contracting officer's name. If the potential offset is against a contract or purchase order administered by another DOE office, the Field CFO should immediately forward a written offset request to the Field CFO of the administering office that includes written certification that the debtor owes the claim in the amount specified and that the office has fully complied with Departmental regulations concerning administrative offset.
- k. **Litigation.** Debts will usually be referred for litigation by Treasury as part of the collection process in the cross-servicing program. The following will apply if the servicing finance office refers a debt directly to DOJ.

  - (1) **Referral of Claims.** The CFO and Heads of Field Elements, in coordination with the General Counsel or the Office of Chief Counsel at the field location, are responsible for timely referral of claims to DOJ for litigation or review. Field CFOs shall prepare the referral package and submit it, through the Office of General Counsel at Headquarters or the Office of Chief Counsel at the field location, to DOJ. Claims should be referred no later than 1 year from the date such claims became delinquent. Litigation will be pursued in accordance with chapter 4 of volume 1 of the Asset Management Manual, "Managing Federal Receivables," and Treasury's Litigation Referral Process Handbook.
  - (2) **Preservation of Evidence.** Care must be taken to preserve all files, records, and exhibits on claims referred or to be referred to DOJ for litigation. Under no circumstances shall original documents be sent to DOJ or the U.S. Attorney without specific prior approval of DOJ or the U.S. Attorney. Copies of relevant documents should be sent whenever necessary.
  - (3) **Followup.** The Field CFO must establish a tracking system to account for cases referred to and returned from DOJ. Action should be taken periodically to determine the status of referred claims. Some suggested followup frequencies are as follows: at least monthly for recommended compromises and doubtful claims and at least quarterly for recommended suspensions or terminations and claims referred for litigation.

- l. Audit Exceptions Taken by GAO.** Claims arising from audit exceptions taken by GAO to payments made by DOE must be referred to GAO for review and approval prior to referral to DOJ for litigation.
- m. Interagency Claims.** Claims that cannot be resolved by negotiation between the involved Federal agencies should be submitted to the Attorney General as directed by Executive Order 12146.

## **5. WRITE-OFF AND CLOSEOUT.**

- a. General.** The responsible finance office should write off debts as recommended in their collection strategy. Treasury will recommend write-off of debts that have been referred to the cross-servicing program and report the debts to IRS on the appropriate Form 1099. Offices must, therefore, promptly write off debts when they receive the recommendation to do so from Treasury.
- b. Write-Off Criteria.** Receivables should be written off and active collection by the Department terminated when one or more of the following criteria apply:
  - (1) The debt is legally without merit.
  - (2) The debt cannot be substantiated.
  - (3) The debtor has filed a petition for bankruptcy.
  - (4) The cost of taking further collection action to recover the debt will probably exceed the amount the agency will be able to collect.
  - (5) The Department is unable to locate the debtor and finds that *either* there is no security to be liquidated to recover the amount owed or the statute of limitations has expired *and* the chances of collecting the debt are minimal.
  - (6) The Department is unable to collect a substantial amount of the debt.

Termination of active collection can occur before or after write-off.

- c. Authority.** The authority to compromise or terminate collection action on claims for violations of the Emergency Petroleum Allocation Act of 1973 is vested in DOJ, regardless of the amount of the claim. Authority for all other claims that do not exceed \$100,000, or such higher amount as the Attorney General may prescribe, and authority to recommend such actions to DOJ on claims that exceed the \$100,000 threshold rests with the CFO for Headquarters claims or the Heads of Field Elements for field element claims. DOE may need to refer an account to DOJ for its concurrence on compromising or terminating collection action on claims where such concurrence is required, but the authority to write off claims as administratively uncollectible rests solely with the CFO for Headquarters claims and Heads of Field Elements for field element claims, regardless of the dollar amounts involved (10 CFR 1015.5(b)). Receivables may be written off the accounts of the Department while the claims are being actively pursued by DOJ or the Office of Hearings and Appeals. Redlegation of CFO or Head of Field Element authority to write off claims must be in writing. The written redelegation must indicate clearly the designee, preferably by title or position, and the dollar limits of the authority.

The dollar limits of a designee's authority shall be consistent with the requirement that the write-off of progressively higher amounts be authorized by progressively higher officials. The signatures of all officials participating or concurring in each write off decision shall be obtained before the debt is written off.

- d. **Timeliness.** Delinquent receivables should be reviewed monthly to identify further collection actions. Debts must be transferred to Treasury, unless specifically exempted, by the time they are 180 days delinquent.
- e. **Documentation.** Compromised amounts and administratively uncollectible receivables on which collection action has been terminated and on which DOJ has closed its files shall be recorded in a manner sufficient to support write-off. This includes written approval to write off the compromised amount or receivable and the signatures of all officials participating or concurring in the write-off decision. The approval and signatures should be kept with the applicable compromised or written-off receivable.
- f. **Write-Off.** Compromised amounts and uncollectible receivables that have been approved for write-off shall be recorded in the accounting records in accordance with entries prescribed in the Standardized Pro Forma Accounting Transactions Document maintained by the Office of Financial Control and Reporting.
- g. **Suspension of Collection Activity.** Collection activity may be suspended when one or more of the following criteria apply:
  - (1) The office is unable to locate the debtor.
  - (2) The debtor owns no substantial equity in property and is unable to make payments, but the debtor's future financial prospects justify retaining the debt *and* the statute of limitations has tolled or future collections may be realized through administrative offset, or the debtor has agreed to pay the interest accruing on the debt during the suspension.
  - (3) The debtor has requested a waiver or administrative review of the debt.
- h. **Closeout of Written-Off Receivables.** Closeout occurs when an office determines that additional future collection efforts on a debt would be futile and reports the amount of a debt to the IRS on Form 1099-C, "Cancellation of Indebtedness." Closeout may occur concurrently with the write-off of an account or at a later date. Treasury will prepare Form 1099-C for debts that have been referred to Treasury in the cross-servicing program. Responsible offices must prepare Form 1099-C for debts that were not referred to Treasury as directed in Chapter 5 of volume 1 of the Asset Management Manual, "Managing Federal Receivables."
- i. **Reinstatements and Collections.** Upon receipt of a collection against a written-off receivable, the account should be reestablished for the amount of the collection. The collection is then processed in the same manner as it would have been if the receivable had never been written off. (For information on the accounting entries for reestablishment of a receivable, refer to the Standardized Pro Forma Accounting Transactions Document.) If a collection is received after a receivable has been referred to GAO, DOJ, or a collection agency, inform the appropriate office as soon as possible.

- 6. DOE REPORTING REQUIREMENTS.** Each finance office shall submit quarterly receivables reports to the CFO, prepared and submitted in accordance with instructions issued by the Office of Financial Control and Reporting.
- a. System Reporting Requirements.** DOE's accounting system must be able to provide reports on receivables that are consistent with or reconcilable to the amounts reported on the "Report on Receivables Due from the Public".
  - b. Aging Schedule.** To control receivables effectively, aging schedules should be used to determine the number and dollar significance of delinquent receivables; to identify receivables that may become uncollectible; and to identify receivables that should be referred to Treasury. Age each receivable at least monthly, based on the invoice date.
  - c. Certification of Allowance Account.** Each Field CFO will submit a written certification of the adequacy of the balances of the allowance for loss on receivables account as of the end of the fiscal year.

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## **ATTACHMENT 8-1**

### **SAMPLE CLAUSE FOR TRAVEL AUTHORIZATIONS AND OTHER DOCUMENTS USED FOR ADVANCING FUNDS TO CONTRACTOR EMPLOYEES**

I hereby agree to submit an approved Travel Expense Report 5 days after official travel is completed. If the advance received exceeds the allowed reimbursable costs, the excess will be repaid at the time the Travel Expense Report is submitted. In light of IRS regulations (26 CFR 1.62), which require excess advances to be reported as taxable income, I also agree that any advance I have received may be withheld from my salary or other moneys due me if I have not repaid the advance or substantiated the expenses within 60 days of the End-of-Trip-Date for which the advance was received.

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Traveler's Signature

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## ATTACHMENT 8-2

### FORMAT FOR PROMISSORY NOTE CONTAINING AGREEMENT FOR JUDGMENT

[Amount]

[Date]

For value received, I (we together and individually) promise to pay the sum of \$\_\_\_\_\_ with interest at the yearly rate of \_\_\_\_\_% in monthly payments of \$\_\_\_\_\_. The installments will be collected by preauthorized debit to the account designated in the attached Authorization Agreement for Preauthorized Payments. The installments will be collected on the fifth (5th) day of each month until the balance is fully paid. If the 5th day of the month falls on a non-workday, collection will occur on the following business day. If insufficient funds are available in the designated account to fund the preauthorized debit, the entire amount of this debt will become immediately due and payable at the option of the U.S. Department of Energy. Any time after this debt becomes due and payable, I permit any U.S. attorney, assistant U.S. attorney, or attorney of record to appear for me and to have the court clerk administratively enter judgment against me in any court. The judgment will be for the entire amount of this debt, with interest, less payments actually made. IN ADDITION, I WAIVE BOTH THE RIGHT TO BE NOTIFIED AND THE RIGHT TO BE GIVEN COURT PAPERS AND HEREBY CONSENT TO HAVE A JUDGMENT ENTERED AGAINST ME FOR THE UNPAID BALANCE OF THE DEBT. FURTHER, I AGREE TO WAIVE MY RIGHTS TO HAVE THE CASE BROUGHT IN MY LOCAL COURT, TO RELEASE ANY ERRORS THAT MAY INTERVENE IN ENTERING A JUDGMENT AGAINST ME OR IN ISSUING JUDGMENT PAPERS OR PROCEDURES, AND TO CONSENT TO THE RIGHTS OF ENTRY AND ENFORCEMENT ON THIS JUDGMENT. I MAKE THIS WAIVER WITH KNOWLEDGE OF THE EVENTS DESCRIBED HEREIN AND WITH ADVICE OF LEGAL COUNSEL. FURTHER, THIS WAIVER IS MADE KNOWINGLY, VOLUNTARILY, AND INTELLIGENTLY, AND WITHOUT ANY DEGREE OF DURESS OR COMPULSION WHATSOEVER.

[Debtor's signature]

[DOE representative's signature]

Date:\_\_\_\_\_

WARNING: BY SIGNING THIS PAPER YOU GIVE UP YOUR RIGHT TO NOTICE AND A COURT TRIAL. IF YOU DO NOT PAY ON TIME, A COURT JUDGMENT WILL BE ENTERED AGAINST YOU WITHOUT YOUR PRIOR KNOWLEDGE. THE POWERS OF A COURT CAN THEN BE USED TO COLLECT PAYMENT FROM YOU, EVEN IF YOU HAVE CLAIMS AGAINST YOUR CREDITOR.

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**ATTACHMENT 8-3**

**AUTHORIZATION AGREEMENT FOR PREAUTHORIZED PAYMENTS  
U.S. DEPARTMENT OF ENERGY—PRIVACY ACT STATEMENT**

The following information is provided to comply with the Privacy Act of 1974 (P.L.93-579). The information requested on the form is required under various provisions of title 15 U.S.C. 1601, 12 CFR 205, and CFR 202 for the purpose of providing authority to the Department of the Treasury to designate financial institutions to collect payments, by electronic means, from your account. The information will be used for identification with the records of the government agency and the financial institution to direct your payments to the point you authorize. No deduction may be made unless a signed authorization form is received. Failure to furnish this information may delay or prevent the collection of these payments through the Automated Clearing House System.

**INDIVIDUAL/COMPANY INFORMATION**

Individual/Organization Name (please print)

Street Address

City/State

Zip Code

Telephone Number

Your Agency Account Identification Number

Type of Payment

I hereby authorize the initiation of a deduction from my account and the financial institution named below to debit such account. I understand I will be notified if the debit amount needs to be adjusted, either to be increased or decreased. I also understand that I have the right to stop automatic payment by notifying my financial institution in writing three days prior to the time my account is charged.

Signature

Date

**FINANCIAL INSTITUTION INFORMATION**

Note: A void check may be attached in lieu of financial institution information

Financial Institution Name

Street Address

City/State

Zip Code

Nine-Digit Routing Transit Number

Account Title

Account Number

(Circle One) Checking    Savings

Signature and Title of Representative

Telephone Number

Date